Digital gift cards are easy to use and hard to lose, but givers still avoid them

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Most gift givers likely won't choose a digital gift card over a physical gift card, even though many recipients would prefer the digital version.

That's the key finding from new research by gifting expert Julian Givi, an assistant professor of marketing at West Virginia University's Chambers College of Business and Economics. With Farnoush Reshadi and Gopal Das, Givi has conducted five studies on givers' and recipients' reactions to scenarios involving digital and physical gift cards, analyzing the results in a paper forthcoming in *Psychology and Marketing*.

Givi said, "These studies looked at the psychology involved in giving and receiving gift cards. Across the board, they showed that givers are less likely to choose digital—as opposed to physical—gift cards than recipients are to prefer to receive them. This asymmetry occurs partly because givers overestimate the extent to which recipients see digital gift cards as violating the social norms of gift-giving.

"For example, in our pilot study, we asked 96 participants whether it's more socially normative for a giver to give a physical or digital gift card," he explained. "The vast majority of participants—94.8%—selected the physical gift card.

"Givers may worry that digital gift cards won't be seen as thoughtful. Whereas physical gift cards require a giver to go to a store and purchase the gift card, digital gift cards require only a minimal amount of time and effort, as the giver can quickly obtain one online. And a digital gift card is more likely to imply that the giver waited until the last minute to purchase a gift. This is all inconsistent with what we think about when it comes to gift-giving norms."

Givi added that "physical gift cards may also provide givers with a greater sense of psychological ownership relative to digital gift cards, since physical gift cards are possessed by the giver for a period of time before the gift exchange."

However, while givers often feel that "physical gift cards are superior in

terms of desirability," recipients are likely to see digital gift cards as "superior in terms of feasibility," Givi said. "They're easier to use and harder to lose."

Indeed, his data demonstrate that when givers consider how they themselves would feel about receiving a digital gift card as a present, they're more likely to give a digital gift card to someone else.

One study that moved the needle on givers' openness to considering digital gift cards involved participants imagining giving a digital gift card as a gift for a birthday that was identified as happening during "National Digital Gifting Month." The researchers invented that event as an analogy to Cyber Monday, but he said the results showed that "givers were more likely to opt for digital gift cards when there was an occasion that altered their perceptions of gifting norms."

That discovery offers retailers options for pushing digital gift card sales through occasion-based promotions, and Givi said he'd advise marketers "to promote their digital gift cards in ways that reduce givers' concerns about norm violations—for example, by indicating that digital gift cards are becoming more popular and thus more in line with gifting conventions."

Despite giver anxieties, digital gift cards are increasing in popularity—the global market grew approximately 15% from 2015 to 2020, when it reached $258 billion. With similar growth expected over the next decade, the digital gift card market is projected to reach more than a trillion dollars by 2030.

Still, Givi emphasized that "gift-giving is a continuously evolving process, and digital gift cards are still a relatively new invention. Physical gift certificates were in circulation for nearly a century before they were largely replaced by physical gift cards in the 1990s. Then

digital gift cards came into play fairly recently. Consumers have been gifting physical gift cards for much longer than digital gift cards and are far more used to them."

Givi's gift card studies fall into the "how to give" field of gifting research, which investigates how givers wrap, message, order and time their gifts, for instance. When it comes to both how to give and what to give, he consistently finds givers are more sensitive to gift-giving norms than recipients are.

"Givers worry about violating norms by giving a late gift or giving the same gift twice, while many recipients won't really mind getting a gift after their birthday or receiving the same basket of goodies two years in a row," he said.

"Just as in those situations, while there may be a widely accepted social norm prescribing physical gift cards over digital ones, givers pay more attention to this norm than recipients do."

Provided by West Virginia University